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MEMORANDUM FOR THE RECORD

SUBJECT: SIG Meeting on East-West Economic Relations

25X1 1. On ²⁵24 August [] and Maurice Ernst attended a meeting of the Senior Interdepartmental Group on East-West economic relations. The meeting was chaired by Under Secretary Rashish. His objective was to move the policy process forward to follow up on the commitments made at the Ottawa Summit. Three topics were considered: 1) procedures for developing policies and proposals on export controls; 2) preparation for follow-up discussions with the Europeans on the Soviet gas pipeline, and 3) a Presidential Decision on control over export of oil and gas equipment.

2. The meeting was the occasion for a classic bureaucratic power struggle between State, Defense, and Commerce with occasional inputs from other departments. The issues concerned procedures, control of which, it was candidly admitted, was far more important than the policy positions themselves. There was virtually no discussion of substance.

3. Rashish tried to create three working groups: on export controls, chaired by State; on the pipeline, chaired by DoE; and on oil and gas equipment, chaired by Commerce. DoD (Dick Perle) objected strenuously to this arrangement, demanding a central role. Commerce (Larry Brady) argued strongly, with eventual DoD support, that it should by right chair any study of export control policies. No one believed that creating another working group on oil and gas equipment controls would be productive. Underlying this often heated discussion, was the common awareness that months of debate and production of draft policy papers had produced neither a consensus nor in some instances a clear definition of the options.

4. The following decisions were made:

The NSC Staff (Allen Lenz) will draft a Presidential Decision Memorandum laying out the policy options on controls over exports of oil and gas equipment. Such a memorandum had been prepared earlier but further action was delayed because several high level policy discussions, including the present SIG, had interposed. The draft PDM is to be sent to the President by the end of this week.

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Commerce will chair a working group to coordinate, and if necessary modify, the draft cable on export control policies and to establish procedures for preparations leading up to a high level COCOM meeting this fall. The working group study will be completed by mid-September.

DoE will chair an interagency working group on the gas pipeline issue. The working group will develop points of discussion with and identify pressure points on the Europeans by mid or late September.

5. The present SIG will have its last meeting in late September and then pass the baton to existing bureaucratic structures.

6. CIA was tasked to prepare by 4 September a report on the status of negotiations on the gas pipeline between the Soviet Union and its West European partners.

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Maurice C. Ernst
Director
Economic Research

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